Disc Boosts Sales and Interest in Camera Department

(Continued from page 2)

discounters are shying away from, the list price is $142.95 and chains like Gold Circle carry it for $99.99.

Meanwhile, Ansco's HR 30 carries a list of less than $60 and its HR 50's suggested retail is under $80. Heck's priced the HR 30 at $49.90, on ad for $34.99.

Continental's models are the Disco-Flip, Disco-Matic and Disco-Flash. Zayre broke an ad in September for the flip model on sale at $19.88, down from $24.88, and the flash model at $29.88, down from $34.88.

The Disco-Matic lists at $59 and the Disco-Flash lists at $44.50.

As the disc category develops, strategy continues to change in the 124 and 110 pocket cameras.

"We've slacked off on pockets," reported Heck's Bill Eades. Trimming sku's left his chain with the Kodak AL-10 Ektralite at $37.99, on sale for $29.99; the Ansco 411 at $33.96, on sale for $24.99, and the Kodak AX-15 at $18.56, on sale for $15.99.

The older model Kodak AX-15, which is $14.10 at cost, will be eliminated from the mix next year, Eades said.

Most of the sku trimming in pockets has resulted from Kodak's dropping all of its models except two. At Jamesway, where Kodak was the only brand carried, the chain offers an Ektralite 10, down from four sku's.

"We're promoting the Ektralite 10 through Christmas and then we'll decide whether to keep it," said buyer Zurlo. "In all probability we will. There's still a market for it."

"Pocket sales haven't totally disintegrated," added Dankwardt. "Pockets at $20 to $30 are still viable." At Prange Way, the Ektralite 10, two Bell & Howells and one Keystone are stocked. But, all are promotional pieces only, Dankwardt emphasized.

Murphy's Mart trimmed its pocket sku's by four.

S. E. Nichols merchandise manager Bernie Solomon, meanwhile, has dropped Kodak from its pocket assortment. "We're not going after Kodak at all, because they show little faith in the pockets they have left."

Film, too, reflects the increase in disc popularity; cutbacks are evident in traditional pocket film.

At Jamesway, 126-format pocket film was cut by several pegs in the department and eliminated from checkouts in favor of the disc film. Some 110 film pegs were also turned over to the disc.

"You'll see a lot more cutting next year," predicted Zurlo, "but we'll be reserving judgment for a few months."

Ann & Hope, North Dartmouth, Mass., isn't shying away from the 35mm camera and accessory market. The chain recently advertised a selection of Minolta, Canon and Olympus cameras priced at $199.99, reg. $229.99. *(DSN photo)*

Control of Shrinkage Is Analyzed

(Continued from page 3)

One was the increase in the cost of prosecution. The other was the belief that the greater number of prosecutions carried out in the past got the message across to store workers and shoplifters that discounters will take strong action, and that prevention—reducing opportunities—is now the most-cost-effective shrinkage control effort.

The number of discounters that prosecuted all apprehended customers fell to 33% from 53%, a 37.7% drop, while the number following the same policy for employees plunged to 24% from 60%, a 60% drop.

Employee theft was cited by discounters as the major cause of shrinkage, accounting for 53% or $507 million, followed by shoplifting, 30% or $287 million, and poor paperwork controls, 17% or $163 million.

In the previous study, the corresponding figures were employee theft, 52% or $461 million; shoplifting, 30% or $266 million, and poor paperwork controls, 18% or $159 million.

The prevention methods included 35% of the discounters polygraphing employees and 48% offering monetary rewards for workers who provide information for apprehension of either an employee or shopper.

Security devices are the major shrinkage prophylactic, with heavy use of nine types reported by discounters in the 1981 survey, compared to only five in the previous study.

Copies of *Security and Shrinkage* are available from the NMRI, 570 Seventh Ave., New York, N.Y. 10018.

Big Best Domestics Effort

(Continued from page 3)

perell blankets, Aladdin bath rugs and covers and Bates and Countess York bedspreads.

The NIC effort, being tested in Florida and California showrooms, features shower curtains by Jolo that coordinate with the towels and bath rugs.

Showrooms that are experimenting with the NIC merchandise use a planogram that has a bath shop display composed of the shower curtains and curtain hooks, along with wicker hampers, toilet seats and scales found in the catalog.

This display is spotted adjacent to one of the two planogram displays for showrooms that merchandise just catalog goods; one setup spots the merchandise along a front-of-store wall, while the other format shows the goods on two sides of a gondola.

A Closer Look

The basic presentation is to mass-display all the domestics. The test showrooms also mass-display shower curtains and curtain hooks and show only samples of the wickers, hampers, scales and toilet seats, found in the catalog, which are ordered via the order desk and obtained at the pickup station.

Best (and Modern Merchandising) feature basic, solid colors for the three different-size towels, blankets, bath rugs and covers. The sheet-set and comforter merchandising has one line each from J. P. Stevens and Wamsutta in solid colors along with three different designs from the latter vendor.

The bedspread offering has solid colors from Countess York and the George Washington's Choice design from Bates.

A Best executive said: "Statistics show that the tonnage business in domestics is in basic colors. Sheet patterns are still a small percentage of the business. What sell day-in and day-out are solid colors."

The cataloger is considering carrying some fashion items in flyers, the executive added. Best's October flyer featured the basic domestics found in the catalog, except for one NIC sheet set, J. P. Stevens' Precious Floral pattern.

Mass-displaying of domestics has resulted in Best using special tickets for this merchandise, rather than the fact tags attached to catalog items such as hampers and scales.

The special tickets contain the item's sku number and Best's retail price, with the sku information captured at the point-of-purchase so that headquarters merchandisers can track sales and reorder goods for each showroom.

The tags are attached by strings to such items as towels and bath rugs or pasted on such packaged goods as sheet sets and shower curtains.

Best hasn't included order numbers for the domestics in its catalog so that shoppers have to go to the mass display to obtain merchandise.

Backup stock for the mass-displayed goods is carried in each showroom's warehouse. Domestics is restocked daily as part of the filling in of all self-service departments including toys, sporting goods, hardware and auto.

(Modern Merchandising displays domestics as part of its regular sample-only presentation. Its catalog, therefore, has sku numbers for the merchandise.)

Best plans to turn a major portion of the Christmas toy display area into a white sale promotion during the Dec. 24-27 period as part of a post-Christmas domestics promotion.

The front-of-showroom space being used for domestics had previously displayed fireplace merchandise, which is only a seasonal seller and has been moved into this area.

Sources said that domestics was added to the mix to boost showroom sales on a year-round basis and to generate traffic and volume in January, typically a very slow period.

Correction

In an article in the Oct. 18 *DSN*, the May Department Stores president was incorrectly identified as David C. Farnell. His name is David C. Farrell.

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Earnings Fattened

(Continued from page 1)

ductive. Warehouse costs were up due to greater purchases of selected goods in large quantities early in the season to obtain maximum discounts.

The tight rein on expenses resulted in them dropping 5.3% to 24.7% from 26%. Among the key savings were buying and merchandising costs, plunging 14.9% to 0.57% from 0.67%; administrative and general expenses sliding 21.8% to 0.93% from 1.19%, and total payroll dropping 4.8% to 12.08% from 12.69%.

Better purchases of merchandise enabled discounters to boost gross margins from 28.4% to 28.5%, a 4.2% gain, and increase gross income 2.1% from 28.91% to 28.97%. The drop in expenses resulted in net operating profits exploding 49.7% from 2.9% to 4.3% and pretax earnings rising 37.1% from 2.5% to 3.4%. Despite higher taxes, the bottom line—net income after taxes—went up 30.5% from 1.4% to 1.8%.

The results for the 30 chains reported in the study were mirrored by the statistics for the identical 25 discounters that participated in both the 1981-82 and the previous 1980-81 surveys.

The full report is available from the NMRI, 570 7th Ave., New York, N.Y. 10018.

Discounters' Performance

	1980-81	1981-82
Average sales/ store (thousands)	$4,538	$4,035
Average sales/ sq. ft. selling area	$104.84	$108.00
Occupancy cost/ sq. ft. selling area	$5.80	$6.00
Store operations cost[a]	11.43%	11.13%
Leased sales[a]	3.78	3.37
Occupancy cost[a]	5.96	5.73
Field supervision cost[a]	0.37	0.43
Warehouse cost[a]	0.91	0.96
Transportation cost[a]	0.53	0.46
Advertising and promotion cost[a]	2.62	2.49
Accounting cost[a]	0.38	0.31
Data processing cost[a]	0.42	0.36
Employee benefits cost[a]	1.91	1.70
Buying and merchandising cost[a]	0.67	0.57
Administrative & general cost[a]	1.19	0.93
Cumulative markup (owned depts.)[b]	36.55	35.20
Stockturns (owned depts.)[c]	3.20	3.14
Stock shortage (retail value)	1.41	1.53
Total sales to total assets	3.08	3.10
Total sales to net worth	9.50	8.39
Net worth (% of total assets)	32.40	36.99
Current assets to current liabilities	1.69	2.13
Net earnings[d] as % of net worth	13.14	15.46
Net earnings[d] as % of total assets	4.26	5.72

[a]as % of total sales. [b]as % of original retail. [c]based on monthly inventories. [d]after taxes.
(Source: NMRI's Operating Results)

A breakout of 24 financial elements details discounters' efforts that helped produce the industry's stronger 1981-82 performance.

Expense Factors

	Per Cent of Sales 1980-81	1981-82
Total Payroll	12.69	12.08
Supplies	0.77	0.72
Communications	0.33	0.25
Travel	0.25	0.21
Services Purchased	0.76	0.55
Advertising	2.57	2.60
Taxes, Licenses	1.29	1.22
Utilities	1.18	1.16
Insurance	0.71	0.59
Property Rentals	2.41	2.46
Equipment Rentals	0.48	0.42
Depreciation, Amortization	0.84	0.76
Repair, Maintenance	0.62	0.57
Donations	0.02	0.02
Professional Services	0.13	0.09
Unclassified	1.34	1.42
Credits, Allowances	– 0.37	– 0.45
TOTAL EXPENSES	26.03	24.66

(Source: NMRI's Operating Results)

NMRI's study of 30 discounters over two consecutive years analyzes 17 expense factors as a per cent of sales to show the stronger bottom line in 1981-82.

Target Biz Up 24% in Month

MINNEAPOLIS—Sales of Target Stores jumped 24% during September compared to the same period last year.

The chain's parent company, Dayton Hudson, reported sales of $477,483,000 for the five weeks ended Oct. 2.

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Bradlees-Caldor 'War' Splits N.J. Patrons

By BETTY J. TAYLOR
Researched by Karen Paxton and Taylor

BERGEN COUNTY, N.J.—Bradlees and Caldor are slugging it out in New Jersey.

Following a year-old battle between the upscale discounters, *Discount Store News'* shopper survey showed Caldor winning in store performance ratings. But, Bradlees was ahead in consumer preference as "the best place to buy" in soft lines and hard lines merchandise categories.

The *DSN* poll—conducted at Caldor in Paramus and Bradlees in Saddle Brook, minutes away from each other in New Jersey's highly competitive Bergen County market—showed Caldor winning an 8.3 overall rating in store performance, compared to a 7.1 for Bradlees.

Consumers at each store rated the chains on a scale of 1 to 10, 10 being the highest, on six criteria: store appearance, locations, prices, in-stock, merchandise quality and clerical help.

When asked where was the best place to buy in nine merchandise categories, consumers polled gave Bradlees higher marks in seven.

Bradlees shoppers more frequently said they would shop Bradlees than Caldor shoppers said Caldor was the "best place" for seven of the nine categories: hardware, small appliances, sporting goods, toys, men's, women's and children's apparel.

In the survey, 76% of shoppers interviewed at Bradlees bought apparel at the chain, compared to 38% of Caldor shoppers who said they bought apparel at Caldor.

Caldor ranked higher than Bradlees in only one merchandise category—housewares—where 47% of Caldor consumers polled said Caldor was their preferred store, compared to 43% of Bradlees shoppers who chose Bradlees.

The chains tied in customers' perception of one department: auto. Both chains were named as the best place by 13% of their respective consumers.

The findings point out that Bradlees, while succeeding in

(Continued on page 66)

Bradlees

Criteria	Shoppers' Rating of Store Performance (a)	Importance to Shoppers (b)
Convenient Location	8.4	5
Store Appearance	8.1	6
Low Prices	7.6	1 (tie)
Quality Mdse.	7.0	1 (tie)
In-Stock Position	6.2	3
Helpful Clerks	5.2	4

CALDOR

Criteria	Shoppers' Rating of Store Performance (a)	Importance to Shoppers (b)
Store Appearance	9.5	6
Convenient Location	8.7	4
Low Prices	8.4	2
In-Stock Position	8.1	3
Mdse. Quality	7.7	1
Helpful Clerks	7.6	5

(a) Shoppers ranked each chain on six criteria, using 10 as the highest score. (b) Shoppers then ranked each criterion as it was important to them, with 1 as the highest score. (Source: DSN research)

New Gold Circles 'Corner' Super Specials

Gold Circle arrived in Buffalo late last month, opening seven stores in a single day. The new units feature a race track aisle, double (soft lines) infield and a new Super Specials Corner. The chain is testing the Corner in this market to see how consumers react to stackouts of special buys and manufacturer closeouts in food, housewares and health and beauty aids. *(DSN photo)*

T.G. & Y. Shuffles Brass; Del Santo President, CEO

OKLAHOMA CITY—Larry Del Santo, 48, executive vp of Household Merchandising, has temporarily taken over the president and chief executive officer's spot at T.G. & Y. following a top management restructuring at the discounter.

President and ceo Dan Kelly, 62, has been named chairman of the board.

Chain sources anticipate Del Santo will act as president for approximately eight to 12 months and then a new president will be named. It wasn't known at presstime whether the new president would come from inside or outside the company.

The Background

Household Merchandising, formerly City Products, is a division of Household International and the parent company of the 575-unit discounter headquartered here. T.G. & Y. also operates approximately 340 variety stores and a dozen AIM for the best upscale discount department stores.

Other executives affected by the restructuring include H. O. Price, executive vp and chief operating officer; Harold Plunk, executive vp, administration; Hal Pettitt, senior vp, buying and merchandising, and Ron Smith, group vp, marketing and advertising.

Personnel Change

With the reorganization, Price becomes senior vp for buying, merchandising and advertising; Plunk senior vp, administration; Pettitt, vp, hard lines buying, and Smith, vp, marketing and administration. At presstime, the chief operating officer position remained open.

Jim Carel, who left the chain about a year ago to undertake a special corporate assignment, has returned to his former position of vp, soft lines buying. According to chain sources, the

(Continued on page 66)

K mart Increases Brand Apparel Stake: Names 2 Execs; Jobber Deal Reported

TROY, Mich.—K mart has intensified its commitment to developing a piece of the growing off-price branded apparel business.

Two soft lines merchants have been pulled from the ranks to head the effort. K mart has reportedly made a $2 million agreement with Fashion House, a Rhode Island based apparel jobber, to handle its brand name buying.

John Haller was named merchandise manager for national brand and designer merchandise with responsibility for men's wear, infants' and children's wear, and fashion accessories.

W. P. Siebert has been designated merchandise manager for national brand and designer merchandise for all women's apparel.

Prior to his new appointment, Seibert was merchandise manager for women's blouses and tops for K mart Apparel.

> **"K mart could begin as early as 1983 to open off-price specialty stores."—**
> ***Bernard Fauber, chairman, K mart.***

Haller was divisional merchandise manager for men's and boys' wear, based at Troy headquarters. He has been moved into the K mart Apparel operation in North Bergen, N.J.

K mart management also disclosed it has no plans to expand its current 400-store Jonathan Logan program for the spring season, but the sales results of this merchandise were described as "favorable."

As for the question of how K mart plans to buy branded apparel, it appears to be answered—but only in part.

Shortly after such labels as Villager, Harve Benard, Crazy Horse, Henry Grethel, Izod and Health-tex appeared in the six test stores, management of Fashion House, a jobber specializing in closeout merchandise, announced it had supplied K mart with the goods.

Jack Wasserman, a vice president of Fashion House, which is part of the J. S. Levi jobbing

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